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SUBJECT: IAEA/DG RACE: ECHAVARRI MAKES A STRONG SHOWING  
WITH WEOG

REF: UNVIE 189 AND PREVIOUS

Classified By: Ambassador Gregory L. Schulte for reasons  
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Summary and Comment  
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1. (C) Spanish DG candidate Luis Echavarri emerged the clear "winner" over Belgian candidate Jean-Pol Poncelet in a joint meeting of the two candidates with the Western European and Others Group (WEOG) May 6. Drawing on his 25 years of experience in the nuclear field, Echavarri demonstrated solid institutional knowledge of the IAEA and came across as lucid, well-briefed and cognizant of the challenges facing the Agency. Poncelet's performance at WEOG was less impressive than in a bilateral meeting with Ambassador Schulte the previous day. Reading from prepared notes, he addressed all the major issues but could not speak extemporaneously beyond generalities admitting, for example, that he was not familiar with the IAEA budget. On substance, the two candidates took similar positions in support of a less political role for the Director General with respect to Iran, Syria and DPRK, deferring to the Board and UN Security Council. They were better versed on nuclear energy issues than on nonproliferation but, both recognized nuclear safeguards as the "core" of the IAEA's mandate as well as the importance of nuclear security. Echavarri fielded a difficult question from Ambassador Schulte on balancing nonproliferation concerns against enrichment rights. Both candidates acknowledged the limits of the nuclear renaissance in developing countries, Echavarri taking a realistic view that the IAEA could not and should not build capacity in all of the 60-odd countries interested in nuclear power. They also focused on nuclear safety with Echavarri, a former regulator, who said he is opposed to mandatory IAEA safety standards. Overall, Echavarri delivered the better performance and was able to relay his vision for the IAEA in much more concrete terms than Poncelet.

2. (C) Although this was only the Vienna debut of these two DG candidates, the consensus after the WEOG meeting was that the advantage had already gone to Echavarri. Poncelet is looking like someone who will be dealt out in the early June straw poll. He also received mixed reviews from two diplomatic contacts familiar with his past work and is ruled out by several delegations for his association with the nuclear industry. Thus, Mission sees little reason from a Vienna perspective, to accommodate Poncelet's meeting requests in Washington, where he would like to visit next

week. Slovenian DG candidate Ernest Petric, who met with the WEOG separately April 29, practically dealt himself out saying only that he would stay in the race "for some time." Vienna Ambassadors are most familiar with Petric from among the three European newcomers, but they give him zero chance.

13. (S) The three European newcomers were all motivated to enter the DG race as "consensus" candidates hoping to provide the alternative to the March Minty-Amano deadlock. Echavarri is emerging as the only one of the three with the potential to do this and seems to be an attractive "Plan B" should Amano fail. Amano will have to work hard for the WEOG vote, some of which may well go to Echavarri. Despite the support of Amano expressed by Political Director Stanzel in his recent Washington meetings, for instance, the German Counselor reported that his Mission is uninstructed and is keeping an open mind about the candidates, as is the UK. Keeping Echavarri viable will be difficult, however, if the NAM/G-77 vote consolidates behind Minty. The Spanish are still banking on postponing the election as late as possible, preferably to July, as they calculate Echavarri will need 27 travel days to make the rounds in Board capitals. He is already slated to visit Moscow May 27 at Russian request. Ambassador Schulte has recommended to both the Board Chair and Spanish Mission to hold the election in June, consistent with the Board rules. The Board Chair is tentatively planning to convene a Board meeting with all five candidates at the end of May (a meeting that will likely be a waste to time), conduct a non-binding straw poll a few days later, and hold a Special Session for the election before or after the June Board. Amano also wants an election in June, preferably but not necessarily before the June Board.

14. (C) Meanwhile Japan continues high level lobbying in Board

capitals. Vice FM Yabunaka informed Ambassador Schulte and Australian and Canadian Ambassadors May 5 that he had just returned from Turkey and India. PM Aso also plans to discuss Amano's candidacy with Germany, and Putin will be in Japan May 12. Yabunaka will seek to leverage Russia's desire to sign a bilateral civil nuclear cooperation agreement to get support for Amano. He also thought the Philippines would support Amano. Amano has travelled to Albania, which reconfirmed its support, and Ghana, where he met with the President, and will go to Dublin next. His initial goal is to consolidate support to "survive" the elimination rounds. Amano assesses that a re-match with Minty is most likely, in which case Japan will need to work hard for the one additional vote, which may not shift in his favor until the final rounds. He believed a race against an EU candidate (probably Echavarri) was less likely, although Echavarri could pull in enough votes to finish second; in that case Amano thinks he could cut a deal with Spain. End Summary and Comment.

Echavarri: A Viable Alternative

15. (SBU) Echavarri and Poncelet addressed a packed room of WEOG Ambassadors May 6; each gave a half-hour presentation of his candidacy and took a few questions. From the outset, Echavarri highlighted close collaboration with the IAEA over the last quarter century while he was in industry, as a safety regulator and as head of the OECD Nuclear Energy Agency. He pledged to work together with the Board and Secretariat to carry out the IAEA's mission and addressed several important elements, beginning with the role of the IAEA Director General. Echavarri saw the IAEA as a technical institution with policy determined by the Board. The DG was a bridge between the Secretariat and the Board; in that capacity, he could not be just a technical person but must confine his policy role only to areas related to the IAEA. Echavarri argued his experience in running an international institution with disparate member state views for and against nuclear energy had prepared him for the IAEA DG position. Turning to nuclear energy, Echavarri emphasized nuclear safety and the IAEA's role in helping countries build safety infrastructure. He stressed that safety required 24/7

attention and noted that the most significant safety incidents had occurred in large countries with strong regulatory bodies. As a former regulator, he did not support mandatory IAEA safety standards that could dilute the authority and responsibility of national regulatory bodies and were unenforceable. Echavarri recognized nuclear security as a growing concern without going into detail. He also noted the need to balance different countries interests in nuclear applications, power and non-power. Echavarri saw nonproliferation as the "core" of IAEA responsibilities and noted that expansion of nuclear power meant expansion of safeguards. There should be a push for ratification of the Additional Protocol, though he acknowledged it cannot be forced upon countries. International fuel banks were an important element for the future, he added, that can reinforce the nuclear nonproliferation regime.

¶6. (SBU) Echavarri also addressed IAEA management and budget issues in detail with an emphasis on improving efficiency and the DG's role in ensuring coordination between departments. He appreciated the professionalism of the Secretariat having worked with them closely; sought diversity and competence; and supported the seven-year contract limit with exceptions. Echavarri noted that he had spent most of his life managing technical people in the nuclear field. A believer in strategic planning, he viewed the IAEA budget as a question of assessing priorities. With the expansion of nuclear power, it was reasonable to expect an increase in the IAEA budget though he recognized the constraints of the financial crisis. He left the issue of regularizing the TC fund to the Board and stressed efficient use of resources, whether regular or extra-budgetary. Finally, he gave a personal commitment to not go beyond a two term tenure as Director General (Note: Poncelet neglected to do so in the WEOG, but had also told Ambassador Schulte that he would subscribe to term limits. End note.) In response to a question from Germany concerning what he would change with respect to management of the IAEA, Echavarri cited the lack of clear objectives and the need for more coordination across parts of the Agency. He also recognized differing priorities among

member states and the need to balance interests with respect to nonproliferation, TC, safety etc. As an example, he observed that it was wholly unrealistic to expect the IAEA to provide infrastructure support to 60 countries contemplating nuclear power, when in reality it was in a position to help maybe three to five.

¶7. (SBU) Emphasizing the IAEA's role as a nuclear watchdog, Ambassador Schulte queried both candidates about their approach to verification issues in Iran, Syria and the DPRK. He also cited a press story in which Echavarri is characterized as having taken the position that non-proliferation and promotion of nuclear technology, including the right to enrichment, were on an equal footing. Iran, Syria and DPRK were complicated with different elements and Echavarri did not see a role for the IAEA in political negotiations. The main issues for the IAEA Secretariat were having access and technical capability to make reports to the Board and UNSC; the Secretariat was not a political actor. He recognized the legal framework of NPT rights, including on enrichment must be respected, but argued that enrichment and fuel fabrication absent a large nuclear program were difficult for a country justify. They may nevertheless insist on indigenous enrichment, making implementation of the Additional Protocol all the more important. (Note: This drew private criticism from the French Ambassador for failing to clearly address Iran and its claims regarding enrichment. End Note.)

Poncelet: Not Much of a Dark Horse

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8. (SBU) Poncelet's presentation to the WEOG tracked very closely with his introductory call on Ambassador Schulte the previous day, but he was much less engaging a public speaker than he had been in our bilateral meeting. Reading from notes, Poncelet presented his candidacy as a constructive

proposal with a view toward bridging consensus on the IAEA Board. He offered the right combination of technical expertise as a nuclear engineer, political and diplomatic skills for the job from his previous Ministerial portfolios, and as a consensus builder in Belgian politics, as well as multilateral experience. Poncelet noted that he had spent most of his life in the private sector, was not an "industry" candidate or lobbyist, and had spent the last two years at Areva working on sustainable development issues that were relevant to the IAEA. He was committed to the pursuit of reliable, safe, secure and competitive nuclear energy for peaceful purposes and saw the IAEA as balancing two pillars of non-proliferation and peaceful use. The nuclear renaissance could not progress, he argued, without strengthening nonproliferation and disarmament.

9.(SBU) Among the Agency's priorities, Poncelet cited nuclear energy with particular emphasis on safety and waste management. Nuclear power could not be introduced overnight without infrastructure (with some countries he agreed in discussion with Ambassador Schulte being 20-50 years away). He supported harmonization of international safety standards, including binding agreements, and recognized (in passing) the importance of nuclear security. The Agency's "core business" was to be a nuclear watchdog and he supported strengthened safeguards and legal authority, including the AP, as well as technical capabilities and coercive measures in cases of noncompliance. Poncelet recommended the introduction of a modern management culture similar to industry for the IAEA and streamlining of duplicative TC programs. He saw the budget in broad terms as a tool to serve the Agency's objectives, would not comment on the size of any increase, and called for a fair discussion of the budget with a view to having a professional, innovative, transparent and high-performing institution. When asked by Germany for more specificity, Poncelet acknowledged he did not know enough about the IAEA budget but would take a critical look, noting that improving efficiency did not necessarily mean deleting programs.

10.(SBU) Poncelet's response to Ambassador Schulte's question on the IAEA watchdog role in Iran, Syria and the DPRK echoed that of Echavarri ("I'll say the same as him.") He also saw the Agency as playing a technical and information gathering role with the DG reporting evidence of noncompliance to the Board, leaving political steps to the Board and UNSC. He

agreed that sensitive enrichment technology must be limited and investment in a domestic program is not justifiable without 40-50 nuclear reactors. In discussion with Ambassador Schulte, Poncelet noted the Belgian experience with reprocessing but supported strict limits on use of such sensitive technology.

11.(C) Although Poncelet made all the right points, his presentation to the WEOG was uninspiring. In his bilateral meeting with Ambassador Schulte, Poncelet also came across as less conversant on nonproliferation than nuclear energy issues, though he acknowledged "natural" concerns and emphasized safeguards compliance. He supported multilateral fuel supply in speaking to the WEOG but was more skeptical with Ambassador Schulte as to the yet to be demonstrated political circumstances that would require going outside market mechanisms. He likened fuel banks to a strategic reserve that would probably never be used.

12. (C) Asked by Ambassador Schulte about electoral strategy, Belgian MFA Disarmament Director Werner Bauens, accompanying Poncelet, presented his candidacy as a counterpoint to Amano who he assessed to be unelectable given NAM opposition and the lack of support from two of the P5. He claimed that "some" had approached Belgium because "things were not looking good in Vienna." Poncelet could offer a "third way" to bridge the North-South divide. He predicted a decrease in support for both Amano and Minty in the straw poll since neither was ultimately electable. Asked if Poncelet could draw any support beyond the Western group, the Belgians believed the NAM vote for Minty was more of a negative vote.

Belgium planned outreach to the NAM, using its still strong African network as well as to Latin America (voting for Echavarri was not a given) and to Russia and China. Bauwens noted that they would not have put Poncelet forward if they did not believe he was a strong candidate.

¶13. (C) Comment: Private soundings on Poncelet brought mixed results. A former Belgian official with ties to the IAEA thought he was an excellent candidate with a strong technical background and would learn the safeguards brief quickly. Another trusted interlocutor, who knew Poncelet well and confessed to a personal bias, was quite negative. He described Poncelet as more presentation than substance, lacking in energy and vision and risk averse based on his tenure as Defense Minister.

Petric: A Known Entity, but Lacking in Support  
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¶14. (SBU) In a separate WEOG meeting April 29 Slovenian DG candidate Ernest Petric explained, as he had previously in bilateral consultations with Ambassador Schulte (reftel), that his government's decision to nominate him was motivated by the divisive results in March. Such divisions were not good for the Agency, and coming from a small country with nothing but good will, Petric endeavored to be the Director General "for all, not for some." He admitted that the entry of the other new candidates was a surprise and complicated the situation with some more "unifying" than others. Petric nevertheless intended to stay in the race "for some time." He highlighted his background as a lawyer, like ElBaradei, and a former Minister of Science and Technology as well as his knowledge of the Agency, having served as Slovenia's Permrep 2002-2008 and Board Chair 2006-2007. He also dismissed concerns about his age.

¶15. (SBU) Petric acknowledged that stepping into ElBaradei's shoes would be difficult, and that he would be more dependent on member states. He pledged to have an open door policy. Petric did not elaborate an extensive program for the future of the IAEA but identified some priority areas: nuclear energy growth, with an emphasis on obligatory IAEA safety standards and waste management; verification; TC, expressing skepticism about regularizing TC funding, and support for an incremental increase of the IAEA budget. Overall, he said, the Agency was one of the best run UN family institutions. He noted that years of zero growth had compounded the Agency's financial problems and he welcomed positive signs from the U.S. and others on the budget. With respect to verification, he emphasized legal authority, technical capacity and human resources and supported universalization of the AP citing insufficient control of undeclared nuclear

material. Petric also supported multilateral fuel supply proposals and was surprised by the lack of G-77 enthusiasm, which he attributed to approaching the issue from a nonproliferation standpoint and the lack of involvement of potential recipients. As DG, he pledged to work with the Board to promote multilateral fuel supply as a "win-win" that did not diminish anyone's rights. Finally, Petric welcomed President Obama and Japanese FM Nakasone's recent statements on disarmament and noted possible additional responsibilities for the IAEA in this regard.

¶16. (SBU) Petric fielded a few questions from Sweden, Austria and Canada on the political role of the Director General and handling Iran and Syria, more specifically. He noted that the politicization of Middle East issues at the IAEA was not new and attributed it to external events. Petric opined that the Agency should remain as independent as possible and expected that the next DG would be less political than ElBaradei. He would take a "lawyer's approach" to Iran and Syria in so far as legal obligations are not negotiable. He allowed for the possibility of a special inspection in Syria and saw it as the Board's prerogative to send this issue to the UNSC. The DG's role was to supply a clear and realistic report to inform the Board's decision. He also saw a role for the DG in trying to temper the GC Middle East debate. In



response to a question from France on relations with the EU if elected, Petric further noted that "he would not forget where he comes from" but will consult with all groups including the G-77 and EU.

¶17. (C) Comment: Although WEOG members regard Petric as a known entity and appreciate his no-nonsense style, no one expects him to garner many - if any - votes. His presentation to the WEOG does not appear to have changed anyone's estimation. It is also doubtful that his stance on Iran and Syria will have much appeal among the NAM/G-77 who well remember his tenure as Board Chair.  
SCHULTE